



FY 2024-25 MTC Operating and Capital Budget



METROPOLITAN
TRANSPORTATION
COMMISSION

Date: May 22, 2024

Presenter: Derek Hansel, CFO



FY 2024-25 Budget Calendar

- **May 22th – Commission Meeting**
 - FY 2024-25 Draft Operating and Capital Budgets
- **June 26th – Commission Meeting**
 - FY 2024-25 Final Operating and Capital Budgets

FY 2024-25 Budget Assumptions

• Revenue Budget Assumptions

- TDA budget projections up by 3.8% in comparison to FY 2023-24
 - Actuals for FY 2023-24 1.1% as anticipated
- Interest yield 3.75%
- Decrease in federal grant funding and increase in state grant funding is primarily REAP 2.0

• Expenditure Budget Assumptions

- 422 Full Time Equivalent (FTE)
 - 18 new positions
 - 3% cost of living adjustment
 - Updated indirect cost allocation methodology
- Additional work for final proposed budget
 - Update cost of living adjustment
 - Reserves schedule

Continuing and New Operating Concerns

- MTC revenue faces headwinds including:
 - High inflation over past 3 ½ years
 - High interest rates
 - Risks with regional banks and commercial real estate
 - BATA toll revenue
 - Macroeconomic conditions, risk of stagflation

MTC Draft FY 2023-24 Operating Budget

Operating Revenue Sources

State Grants: REAP 2.0

Operating Expense

Salary & Benefits - COLA (3%) based on negotiated MOU

Reserves

Transfer from reserve to fund capital project – ERP System

	FY 2023-24 Budget (thousands)	FY 2024-25 Budget (thousands)	% Change
Revenue			
Federal Grants	\$189,060	\$172,321	(9%)
State Grants	92,266	112,880	22%
Local	38,618	19,272	(50%)
Transfers	6,782	5,608	(17%)
General Fund	16,587	17,223	4%
Other	29,928	33,141	11%
Total Revenue	\$373,243	\$360,445	(3%)
Expense			
Salary & Benefits	\$53,909	\$57,069	6%
Computer Services	6,205	8,105	31%
General Operations	5,195	5,114	(2%)
Contract Services	305,317	288,351	(6%)
Other	1,623	1,960	21%
Total Expense	\$372,248	\$360,599	(3%)
Operating Surplus/(Deficit)	\$995	(\$154)	(116%)

FY 2024-25 Staffing

- 422 full time staff (including term-limited positions)
- 18 new positions:
 - To add leadership and capacity to meet implement MTC's growing portfolio of work and expanded operational requirements
 - Term-limited positions to support implementation of MTC's new Enterprise Resource Planning program
 - Term-limited project-based positions to implement recently awarded grants for the San Francisco Estuary Partnership and the Bay Area Regional Energy Network (BayREN)

MTC FY 2024-25 Draft Capital Budget

Includes ERP system replacement as presented to the Administration Committee in March 2024

Capital Projects	FY 2023-24 Budget (thousands)	FY 2024-25 Budget (thousands)	FY 2024-25 Budget (LTD)
Revenue:			
Transfer from Operating Reserve	\$5,249	\$11,288	\$16,537
Transfer from Bay Area Toll Authority	-	5,700	5,700
Transfer from Bay Area Infrastructure Financing Authority	-	860	860
Total Revenue	\$5,249	\$17,848	\$23,097
Expenses:			
EOL Replacement	\$ -	\$208	\$208
Security Upgrades	100	100	200
Hardware	271	41	312
SCCM and MAC Management Project	80	-	80
Veeam Backup Server	15	15	30
Vsphere Enterprise/VMware ESXI/Vcenter - Desktop, Modeling Server Replacement	100	100	200
Enterprise Resource Planning Software Replacement	2,183	17,374	19,557
Committee Packet Automation System	2,500	-	2,500
Total Expenses	\$5,249	\$17,848	\$23,097

Clipper FY 2024-25 Draft Operating Budget

- Total draft operating costs decrease from approved FY 2023-24 budget
- Clipper will operate parallel systems until the next generation, or Clipper 2, system reaches the System Completion milestone.
- More funds from inactive accounts will be used
- Increase in LCTOP funding for Clipper 2

	FY 2023-24 APPROVED BUDGET (MILLIONS)	FY 2024-25 DRAFT BUDGET (MILLIONS)	CHANGE
Revenue			
RM2	\$6.6	\$4.5	(33%)
STA	8.6	7.8	(8%)
SGR	5.0	5.6	12%
CARES	0.1	0.0	(100%)
LCTOP	6.0	11.4	90%
Clipper Cards	2.7	1.3	(53%)
Inactive Accounts	7.5	2.5	(67%)
Float Account Interest	1.1	0.2	(82%)
Operators	30.3	29.7	(4%)
Total Revenue	\$67.9	\$63.0	(7%)
Expense			
Staff	2.2	2.7	23%
Operations	65.7	60.3	(8%)
Total Expense	\$67.9	\$63.0	(7%)